

Written Testimony of George Ivie
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U.S. Senate

Hearing on Television Ratings Accuracy and the FAIR Ratings Bill

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I. Introduction to the MRC

I am George Ivie, Executive Director and CEO of the Media Rating Council (MRC), and I am grateful for the opportunity to present our views on Nielsen's implementation of the local people meter (LPM) measurement methodology in general-market media research. I would like to begin by thanking Senator Burns and Ranking Member Inouye for your leadership in focusing congressional attention on this technical and important subject.

The MRC is a non-profit organization that reviews and accredits audience-rating services through the use of rigorous audits. An MRC audit includes an independent, detailed, and objective examination of each aspect of the operations of a rating service (including methodological protocols) through data provided to it by participating rating services. The central mission of the MRC is to secure for the media industry, audience measurement services that are valid, reliable, and effective through an independent evaluation process, without regard to outcome. The MRC is independent of, and external to, any rating service and guards its independence zealously.

1. History and Mission of the MRC

During 1963 and 1964, regulation of the TV and Radio industries including the purpose and accuracy of audience research were the subjects of extensive public hearings. This process culminated with a progress report issued to the 89th Congress of the United States (House Report No. 1212)¹ in January 1966. These hearings were held by a Special Subcommittee on Investigations of the House of Representatives Committee on Interstate and Foreign Commerce and are commonly referred to as the “Harris Committee Hearings on Broadcast Ratings.”

After an extensive investigation and three days of testimony, the Committee determined that Industry self-regulation, including independent audits of rating services (such as Nielsen Media Research, Arbitron or MRI) was preferable to government intervention. In its report, the Committee concluded as follows: “The enactment, at this time, of legislation providing for government regulation of broadcast audience measurement activities is not advisable. The administration of a statute providing for such regulation would place an unnecessary burden on the Federal Government, and it is doubtful that more would be accomplished than can be accomplished by effective industry regulation.”²

The Harris Committee hearings resulted in the formation of an Industry-funded organization to review and accredit audience-rating services called the Broadcast Rating Council (now referred to as the MRC). At that time, the Broadcast Rating Council’s proposed Industry

¹ House Rpt. No. 1212, 89th Congress (1966). (Exhibit A)

² *Id.* at p. 21.

self-regulation procedures were reviewed by the U.S. Justice Department and were found not to be in violation of the antitrust laws.³

Aligned with the actions deemed necessary by the Committee, the activities of the MRC include, but are not limited to the following:

- The establishment and administration of Minimum Standards for rating operations;
- The Accreditation of rating services on the basis of information submitted by such services; and
- Auditing, through independent CPA firms, of the activities of the rating services.

The MRC's mission as stated in its By-laws is: "to secure for the media industry and related users audience measurement services that are valid, reliable and effective; to evolve and determine minimum disclosure and ethical criteria for media audience measurement services; and to provide and administer an audit system designed to inform users as to whether such audience measurements are conducted in conformance with the criteria and procedures developed."⁴ This mission was established with the support and guidance of the House Committee.

2. Standards

Consistent with the By-laws of the BRC and its mission, it developed minimum standards by which media research is to be measured, which became effective on March 31, 1964 and have been maintained and updated by the MRC Board of Directors.⁵ The Standards relate to: (a)

³ Letter from William Orrick, Jr. Assistant Attorney General, Antitrust Division, U.S. Department of Justice to Douglas A. Anello, General Counsel, National Association of Broadcasters (July 16, 1964) (Exhibit B).

⁴ MRC By-Laws. – Board of Directors, Media Rating Council, Effective March 1964, Updated (Exhibit C)

⁵ See Minimum Standards for Media Rating Research, Media Rating Council, Inc. (last updated = 10/97)(Exhibit D)

ethics and operations, and (b) disclosures. Ethical and Operational Standards govern the quality and integrity of the entire process by which ratings are produced. Disclosure Standards specify the detailed information about a rating service's methodology and each specific survey, which must be made available to users, the MRC and its CPA firm, as well as the form in which the information should be made available.

3. MRC Accreditation Process

The MRC Accreditation process is completely voluntary and there is no legal or compulsory requirement that a rating service submit to an MRC audit. MRC is often compared to similar private industry self-regulatory organizations such as the Joint Commission on Accreditation of Healthcare Organizations (JACHO), which is an organization that audits and accredits participating hospitals for institutional fitness and high quality patient services. Similarly, the MRC lends its "seal of approval" to rating services that demonstrate compliance with MRC's standards of media rating research and that make complete methodological and survey-performance disclosures to their customers after completing an extensive audit. Over thirty-five rating service products were submitted to the MRC Accreditation process last year. Of these thirty-five products, many represented media-types other than television.

Accreditation is granted by the MRC Board of Directors if a rating service complies with the MRC's Minimum Standards for Media Rating Research and makes materially complete methodological and survey-performance disclosures to their customers.

The MRC has used several nationally known CPA firms throughout the years to perform these audits. At present, the audits are conducted by Ernst & Young, under contract to the MRC. Each rating service agrees to pay MRC assessments to cover their audit cost; the MRC collects no funds from rating services other than the direct cost of the Ernst & Young audits. To be clear,

the MRC derives no benefit, financially or otherwise, from the rating service. MRC's revenue is solely derived from the dues paid to it by its members. In addition, unlike most CPA firms, Ernst & Young maintains a specialized group of personnel who have responsibility for auditing rating service operations and assessing compliance with the MRC's unique Standards. This Ernst & Young team only works on media rating service audits.

The central element in the monitoring activity of the MRC is its system of annual external audits of rating service operations. MRC audits serve these important functions:

- They determine whether a rating service merits Accreditation (or continued Accreditation); the audit report and related insight provided by the CPA firm is the primary input into the Accreditation decision,
- They provide the MRC with the results of detailed examinations by CPA auditors which become the basis for quality improvements in the service, either by voluntary action or mandated by MRC as a condition for Accreditation, and
- They provide a highly beneficial psychological effect on rating service performance. Knowledge that CPA auditors may review their work is a powerful spur for quality work by all field and home-office personnel of the rating service.

The specific methodological approach of the rating service and the MRC Minimum Standards for Media Rating Research are the primary drivers of the audit scope for each participating rating service to be executed by the CPA firm, on behalf of the MRC. Audits are required to be conducted at least annually. The MRC establishes an audit committee made up of member organizations that use research of that media-type to evaluate audit results and recommend a position on "Accreditation" to the Executive Director of the MRC, who then submits such recommendation to the MRC Board of Directors. Provision is also made for the

suspension or withdrawal of Accreditation and a documented, formal hearing procedure applies in such instances.

The MRC's audit includes an independent, detailed and objective examination of each significant aspect of the operations of a rating service. In the event that a rating service uses outside professional vendors (for example, for sampling procedures or for editing and tabulation of data) these sources are also audited and reported upon.

Resulting audit reports are very detailed (typically 150-300 pages); containing many methodological and proprietary details of the rating service and illumination of the primary strengths and weaknesses of its operations. The reports are confidential among the MRC members, who all sign non-disclosure agreements, Ernst & Young and the rating service. Audit reports include detailed testing and findings for:

- Sample design, selection, and recruitment
- Sample composition by demographic group
- Data collection and fieldwork
- Metering, diary or interviewing accuracy
- Editing and tabulation procedures
- Data processing
- Ratings calculations
- Assessment of rating service disclosures of methodology and survey performance

Pursuant to the last bullet above, the MRC mandates that rating services disclose many methodology and performance measures, which would be otherwise unknown, for example:

- Source of sample frame
- Selection method

- Respondents by demographic group versus population
- Response rates
- Existence of special survey treatments for difficult to recruit respondent groups such as young or ethnic persons
- Editing procedures
- Minimum reporting requirements for media
- Ascription and data adjustment procedures employed
- Errors noted in published reports
- Data reissue standards and reissue instances

As a result of the disclosures that a rating service must make in complying with the MRC Accreditation process, specific audit findings are not disseminated to the public or the press unless waived by the service, the MRC, and the CPA firm that conducts the audit. Public disclosure of proprietary techniques can be detrimental to a rating service's core business, for example endangering patented information, and the MRC takes very seriously its obligation to keep proprietary information confidential as well as the audit reports. Recently a controversy erupted between the MRC and Nielsen Media Research regarding the apparent leak of information related to the audit of Nielsen's Los Angeles LPM service to the Los Angeles Times. MRC in no way endorsed or condones that behavior as it goes directly against its code of confidentiality. As a result of this incident, the MRC, in conjunction with its members, have implemented new rules for the viewing and discussion of draft and final audit reports among its membership.

What should be made clear, however, is that the MRC can only publicly comment on its decision to grant, deny, suspend or withdraw Accreditation without the consent of the rating service and the independent CPA auditing firm.

Rating services that are awarded MRC Accreditation are given permission to display the MRC's logo on the audited research product indicating compliance with our Standards. MRC Standards are publicly available; more importantly, the extensive methodological and survey performance disclosures mandated by the MRC are required to be available to all rating service customers.

II. MRC Membership, Membership Participation and “Due Process”

1. Membership

Membership in the MRC is completely voluntary and members pay annual dues of \$10,500 (for reference, MRC dues were \$7,500 per year in 1964). The dues are universal in the sense that each member pays the same amount regardless of the overall size of its organization and are set at a level that allows participation by organizations of all sizes. The Board of Directors of the MRC is comprised of one appointed representative, generally a top media research executive, for each member organization. Currently there are approximately 95 Board members in total representing television and radio broadcasting, cable, print, Internet and advertising agency organizations as well as advertisers and other trade associations.⁶ As indicated by our membership list, MRC represents a very broad and diverse amalgamation of the media industry as well as the largest clients of rating services. Additionally, we have a provision for formal liaison relationships with the American Association of Advertising Agencies, the Advertising Research Foundation and the Association of National Advertisers. Membership is

⁶ Full membership list is attached (Exhibit E).

open to any media organization that relies on, or uses media research and presently includes both general-market media (e.g., the ABC, CBS, FOX, NBC networks) and ethnic media organizations (e.g., Black Entertainment and Television and Univision). Conversely, organizations such as Nielsen or Arbitron that produce media ratings data are not allowed to be members of the MRC.

2. Membership Participation

MRC members play a critical role in the Accreditation process and provide valuable insight. MRC's "Television Audit Committee" comprised of individual representatives from various member organizations that have an interest in the accuracy and quality of the rating service's research. The individuals that sit on this committee are often the top media researchers of their organizations and generally do not include television executives or representatives of an organizations' marketing division. It is in this committee, along with the oversight of the MRC Staff, that true industry oversight of the quality and accuracy of television audience measurement services is performed.

As discussed earlier, it is through the MRC Accreditation process and the use of rigorous and independent audits, that a rating service gains MRC Accreditation. However, before Accreditation can be achieved, the Audit Committee has the task of reviewing a draft of the rating service audit and discussing the results in detail with the auditor (Ernst & Young) and the staff of the MRC. Additionally, the rating service has the opportunity to provide its comments, verbatim, in the audit report or in a separate letter supplied to the audit committee. This is a confidential process and strict guidelines and procedures are followed during this review because of the transparency requirement that a rating service must meet in order to gain MRC Accreditation.

Once a full review of the audit has been completed, the MRC presents a “staff recommendation” to the full committee on whether in its opinion taking all the available data in front of it; the rating service should be accredited. This recommendation is prepared to help guide the committee as it weighs its decision on Accreditation. The audit committee will then vote on Accreditation, which in turn serves as a recommendation for the MRC Executive Director to take to the full MRC board of directors for final approval. At this point the Executive Director will present the recommendation of the audit committee to the full Board of Directors along with his assessment. The full Board then has the responsibility and ultimate authority to vote to grant or deny Accreditation.

3. “Due Process”

One very important aspect of the voting and approval process is the controls and safe guards that are in place to assure that a vote of the audit committee is fair and impartial. The MRC has a formal policy for membership voting on MRC Accreditation issues that provides stringent controls and eliminates the potential for outside influence, during and subsequent to the voting procedure. The policy is not intended to stifle in any way the thoughtful discussion that takes place in preparation of the proposals. The policy is designed to insure a more proper accounting of ballots and to further maintain the confidentiality of meeting proceedings.

Specifically, it:

- Verifies that all votes are accounted for
- Reduces the likelihood of miscounting votes
- Limits the influence of any one member organization, or collective segments of the Industry

- Minimizes the information that can potentially be divulged to Non-Members, in violation of the signed confidentiality agreement.
- Maintains a physical record of the vote
- Provides a means for verification

Voting within the MRC can occur at various levels and follows a pre-established hierarchy. Below is an outline of the levels at which voting may take place including a summary of the MRC members that are entitled to participate, and the responsibility of each group.

- *Sub-committee(s)* –

Subcommittees are comprised of a sub-set of individuals from the MRC Committee(s) responsible for oversight of the measurement service. Any committee member claiming to have a business or professional interest in the matter at hand can elect to participate in a sub-committee. The MRC Staff will work to ensure that the various segments of the industry are represented in the sub-committee. The sub-committee is responsible for undertaking a detailed review of the issue. Multiple sub-committee meetings may be held depending on the complexity of the issue. The sub-committee vote is designed to make a recommendation to the Committee(s). A tie vote will necessitate a detailed review by a larger sub-committee group or the committee.

- *Committees* –

MRC Committees are comprised of MRC members who have a business or professional interest in the medium for which the committee has oversight. These committees may be asked to undertake a detailed review based on the complexity of the issue. The committee votes whether to accept the recommendation of the sub-committee and the committee vote is structured to make a recommendation and provide guidance to the Executive Director. A

quorum is required on all voting matters and a tie vote will necessitate a detailed review by the Board of Directors.

- *Board of Directors*

The Board of Directors represents all active members of the MRC and vote on the recommendation submitted by the Executive Director. In addition, the Board is responsible for the final vote on all Accreditation issues and a quorum is required on all voting matters.

- *Executive Director*

The Executive Director is responsible for making a recommendation to the Board of Directors and considers the recommendation of the committee(s), though he is not required to recommend the committee(s) position to the Board. However, the Executive Director must convene a board meeting to discuss in detail any recommendation whereby the executive director's position differs from that submitted by the Committee. The Executive Director may take any issue directly to the Board of Directors for a vote.

- *Voting Guidelines*

All active Board Members are entitled to a vote in the Accreditation process. A member company designates the representative(s) to attend meetings and vote. The MRC recommends the voting representative be a senior ranking individual with knowledge of the subject matter. When a detailed review of the subject matter is called for, the voting representative must be in attendance for the majority of the review meeting. Anyone not in attendance for the full meeting will be allowed to vote at the discretion of MRC Executive Director. A member company representative may participate in-person, via phone or video-conference and is allowed to represent a maximum of two votes, for multi-vote organizations. In addition, this representative is required to submit vote(s) in writing with the exception of those participating via phone or

conference call. Individuals participating via electronic means (e.g. phone, etc.) have the option to cast votes via personal call to MRC Staff, fax, or e-mail. Verbal votes require follow-up written (e.g. fax, e-mail, etc) confirmation.

- *Special Circumstances*

Special circumstances occur when an MRC member whose company has a vested interest in the matter being considered. When this occurs, that member may participate in the review meeting but will not be allowed to vote. Situations of this nature will be disclosed prior to the start of the meeting. Any un-anticipated voting conflicts are to be resolved by the MRC Executive Director

- *Voting Results*

When a vote takes place the rating service will be advised of the final outcome as soon as possible and summary-voting results may be divulged to the Rating Service when deemed appropriate by the Executive Director. Individual Member votes will not be divulged by the MRC and members are free to state their voting intention prior to the official vote. However, members may divulge their individual vote outside of the meeting subject to the policy of the signed Non-Disclosure Agreement on record at the MRC.

III. Status of LPM Audits – Boston, New York, Los Angeles, Chicago, San Francisco, Philadelphia, and Washington D.C.

Nielsen's primary products cover national programs, local programs, syndication, cable, satellite, as well as dedicated research for Hispanics and by implication the advertisements for all of these vehicles. Nielsen also provides several electronic tools and applications used to deliver ratings to their customers. The MRC accredits several, but not all, of Nielsen's products.⁷

⁷ See Exhibit F (Complete List of MRC Accredited Services)

Nielsen's National Service based on a people-meter methodology has been MRC-Accredited since the late 1980s; Nielsen's meter-diary based Local Service was originally Accredited in the 1960s; Nielsen's National Hispanic Service (NHTI) has been Accredited since 2000. We believe these services materially comply with our Standards, although the MRC does maintain a separate ongoing dialogue with Nielsen regarding quality issues noted in the audit process in an effort to improve the quality of research. Other Services such as Nielsen's Hispanic Station Index (NHSI), and certain other Black and Hispanic Audience Reports are not currently Accredited or audited.

1. Boston

Nielsen Media Research first "rolled out" its local people meter (LPM) in Boston in 2001. This was Nielsen's first experience with the LPM in a general-media local market environment. It is our understanding that Boston was chosen as the first market by Nielsen because of several factors, including its more homogenous population and smaller size. While one can argue about this characterization of the Boston media market, it became clear that Nielsen's assumptions about easily measuring the market proved to be inaccurate. During calendar years 2001 and 2002, the MRC audited Nielsen's LPM rollout in Boston. The audit of the service was extensive and subsequently the MRC denied its Accreditation to the Boston LPM based on strong concerns with Nielsen's implementation of the service. However, despite the concerns raised by the MRC audit and denial of Accreditation, Nielsen continued a commercial implementation of the Boston LPM. At the same time, most local broadcasters in Boston did not utilize Nielsen's LPM services. However, during the ensuing year, Nielsen took extensive actions to cure the issues raised by MRC's audit. Upon Nielsen making the recommended

changes, MRC gave its Accreditation to the Boston LPM in the Fall of 2002 approximately nine months after its initial audit.

After its Boston experience, the MRC Television Committee took the unusual step of recommending to Nielsen that future LPM implementations only be commercialized after Accreditation is achieved and that new LPM sample households not be integrated into Nielsen's National panel prior to achieving Accreditation.

2. New York

The MRC began its audit process of the New York LPM (NYLPM) during the early part of 2004. The New York market is arguably the most difficult market to measure particularly in obtaining the cooperation of households. The market is highly diverse and represents unique challenges in compiling accurate and reliable data. Fieldwork began in this market in April of 2004 and the MRC utilized its full audit scope and procedures for assessing the service. Ernst & Young conducted the audit using its standard Nielsen auditing team, which included bi-lingual personnel. There were many problems identified in the audit, including race and origin classification errors, excessive and excessively disproportionate faulting and metering issues. The market's performance was further complicated by an on-going media campaign in the New York market, which could have potentially influenced household participation. Concurrent with the introduction of the LPM, the MRC closely monitored the existing meter/diary service in New York and found that this service had degraded.

Subsequently on May 27th, the MRC audit committee met to discuss the audit and the MRC staff recommendation. The audit committee voted to withhold Accreditation of the NYLPM at that time based on a number of problems identified in the Ernst and Young audit as

well as issues identified by the MRC staff and the audit committee members. The MRC sent a letter to Nielsen that communicated detailed areas of concern and deficiencies with the NYLPM as identified by the audit process and suggested actions that Nielsen should take to improve the quality of the service and gain Accreditation. Nielsen commercialized the NYLPM on June 3, 2004.

On August 26th, 2004 the MRC convened a meeting of the audit committee to assess the results of a re-audit performed by Ernst & Young to assess performance of certain prior audit issues. Nielsen was given opportunity to address the committee during part of the meeting to share their perspective on the improvement initiatives and the performance status of the NYLPM. After private deliberations the committee chose to continue to withhold Accreditation of the NYLPM service. On August 31st, 2004 a letter was sent to Nielsen informing them of the committee decision and outlining the steps necessary to elevate the Accreditation status of the NYLPM, namely a plan for updating race information and fault rate stabilization which would be observed through regular monitoring by the committee.

On October 29, 2004 after review of a credible plan submitted by Nielsen to address the race classification issues, and observed improvement in fault rate levels the television committee voted to grant Conditional Accreditation status to the NYLPM allowing Nielsen to apply the MRC's Accreditation logo to the New York LPM rating reports.

Since Conditional Accreditation was granted in October 2004, the television committee has continually monitored the performance of the NYLPM, including update meetings with Nielsen management and periodic reviews to reassess the Accreditation status of the NYLPM. As of this date, the NYLPM service remains Conditionally Accredited.

3. Los Angeles

On July 1st, 2004 an MRC audit committee met to review an Ernst & Young audit of the Los Angeles LPM service (LALPM); at that time Nielsen had not provided their response to the audit findings, a key component of the MRC review process. The MRC decided that it was important to at least conduct a preliminary review of the audit findings (i.e. absent Nielsen's response) so that it could provide some illumination of the performance of the LALPM in advance of its planned commercialization on July 8th. To maintain the integrity of the MRC process, the committee elected not to vote on Accreditation at the conclusion of this preliminary review until Nielsen submitted their response for review. The Los Angeles market is a difficult market to measure due to its ethnic diversity which presents unique challenges in compiling accurate and reliable data

Despite the open Accreditation status of the LALPM Service, Nielsen went "live" with the service on July 8th, 2004. It was clear through our experiences in Boston and New York that Nielsen was not yet implementing LPM services in a manner that is fully compliant with the MRC's standards.

The audit committee met on July 30, 2004 to conclude the review of the audit results, including Nielsen's response which was presented in-person by Nielsen management. After careful consideration the committee chose to recommend Conditional Accreditation of the LALPM service pending Nielsen's submission of an adequate, accepted action-plan to address: (1) two matters of non-compliance with the MRC's Minimum Standards for Media Rating Research cited in the audit, and (2) two performance areas of the Los Angeles LPM Service considered needing improvement. In addition, an on-going monitoring process was required by

the Television Committee to assure that Nielsen completes the improvement initiatives specified in its response to the Los Angeles audit, including the pending action-plan.

On August 19, 2004 upon receipt and acceptance of Nielsen's action-plan the Conditional Accreditation period began and Nielsen was authorized to apply the MRC's Accreditation logo to the Los Angeles LPM rating reports.

Since Conditional Accreditation was granted in August 2004, the television committee has continually monitored the performance of the LALPM, including update meetings with Nielsen management and periodic reviews to reassess the Accreditation status of the LALPM. As of this date, the LALPM service remains Conditionally Accredited.

4. Chicago

The Chicago LPM (CHLPM) Service was commercialized by Nielsen on August 5, 2004 prior to an MRC audit. Timing for MRC audits is controlled by Nielsen and fieldwork was not scheduled to begin until July 2004 leaving insufficient time for completion of the MRC process prior to the LPM service going "live". The Chicago market contains a high concentration of minority population groups posing a particular challenge to measuring accurate and reliable viewing behavior.

An audit committee of the MRC met on September 22, 2004 to review the findings of the Ernst & Young examination of the CHLPM and based on the results the audit committee voted to follow the precedence set in Los Angeles and move to grant Conditional Accreditation to the CHLPM. The Conditional Accreditation status was scheduled to begin following receipt and acceptance of an action-plan structured to address specific audit issues and would also require ongoing monitoring of key performance metrics for this service. On October 1, 2004, after

receipt of an accepted action-plan, Conditional Accreditation of the CHLPM began and Nielsen was permitted to apply the MRC Accreditation logo to the service reports.

Since Conditional Accreditation was granted in October 2004, the television committee has continually monitored the performance of the LALPM service, including update meetings with Nielsen management and periodic reviews to reassess the Accreditation status of the CHLPM. As of this date, the CHLPM service remains Conditionally Accredited.

5. San Francisco

The San Francisco LPM (SFLPM) was commercialized on September 30th, 2004 prior to an MRC audit and before providing comparative data to the existing Meter-diary service that would allow the marketplace to understand the impact of this significant methodological change. MRC Standards require that measurement services disclose in advance the estimated impact of a methodological change. The San Francisco market is racially diverse, containing a high concentration of Asians, and this diversity presents specific challenges to accurately measure television viewing behavior.

Fieldwork for the MRC audit began in November 2004, three months after Nielsen commercialized the service. Because of the voluntary nature of the MRC process, the timing of the audit is controlled by Nielsen.

On March 8th, 2005, five months after the SFLPM service was commercialized by Nielsen, an audit committee of the MRC met to review the Ernst & Young examination report of the SFLPM and recommended that the service be granted Conditional Accreditation allowing Nielsen to apply the MRC Accreditation logo to the SFLPM reports. Nielsen was informed of specific actions including ongoing monitoring and performance improvements that would be

required for the committee to consider removal of the conditional aspect of the Accreditation.

On May 6th, 2005 the television committee met with Nielsen management to review the status of the LPM improvement initiatives and performance metrics and in a private discussion voted to elevate the status of the SFLPM to full Accreditation.

6. Philadelphia

Nielsen commercialized the Philadelphia LPM on June 30th, 2005 prior to an MRC audit, consequently this service is not Accredited. An MRC audit is in process for this market with an expected committee review in October 2005. Because of the voluntary nature of the MRC process, the timing of the audit is controlled by Nielsen.

7. Washington

Nielsen commercialized the Washington LPM on June 30th, 2005 prior to an MRC audit, consequently this service is not Accredited. An MRC audit is in process for this market with an expected committee review in October 2005. Because of the voluntary nature of the MRC process, the timing of the audit is controlled by Nielsen.

IV. Status of Nielsen Hispanic Measurement Services – National Hispanic Station Index – Los Angeles and National Hispanic Television Index

1. Nielsen Hispanic Station Index – Los Angeles (NHSI-LA)

The NHSI-LA Service was audited by MRC during 2000-01 and, despite ongoing commercial use of the service, Nielsen chose to not address the audit issues and terminated the

Accreditation process after two unsuccessful attempts. Nielsen never submitted other NHI markets to the Accreditation process.

2. Nielsen Hispanic Television Index (NHTI)

Nielsen's NHTI Service has maintained MRC Accreditation since 2000.

The broadcast television industry members of the MRC, as well as cable operators and the advertising industry have all voiced their support for the MRC process in this matter. Central among the organizations expressing this support are the National Association of Broadcasters, the Cabletelevision Advertising Bureau, Radio Advertising Bureau, and the American Association of Advertising Agencies.⁸

V. Conclusion

Once again, the MRC would like to thank the Committee for holding this important hearing on TV Ratings accuracy and the FAIR Ratings Bill and for allowing the MRC to provide testimony. I continue to believe that Congress was right in finding that industry self-regulation is preferable to direct governmental intervention -- provided that the independence and integrity of such an auditing process can be preserved.

I believe that all of the stakeholders involved in this issue would agree that the accuracy of Television Ratings is of critical importance and that the MRC should play a central role in assessing the accuracy and quality of the new service.

⁸ See Exhibit G (Press releases and Organizational statements on the LPM)